

Checklist of Common Errors in Rent Calculations

1. Determining the Gross Household Income

- ✓ Review the frequency of payments carefully for all sources of income (wages, benefits, child support, etc.)
- ✓ Check to ensure sporadic income and one-time payments are NOT included
- ✓ Watch out for SSA benefit adjustments in the form of lump sum payments for retroactive benefit increases OR overpayment amounts being withheld
- ✓ Garnishments by the IRS or state Dept. of Revenue are NOT excluded from gross

2. Elderly/Disabled Household Deduction

- ✓ Each household is only eligible for one \$400 deduction
- ✓ Head of household, spouse, or co-head must have a disability

3. Allowances for Medical Expenses

- ✓ Only applies to Elderly/Disabled households - watch out for situations where the HOPWA eligible individual is not the head of household, spouse, or co-head
- ✓ Make sure deduction is given for any Medicare premiums being withheld from SSDI checks (this amount is stated on the SSA award letter)
- ✓ Include any additional verified medical expenses that exceed 3% of gross income for ALL household members

4. Disability Assistance Allowance

- ✓ Deduction applies to verifiable, self-paid expenses for adaptive equipment or other special needs that allow a person with a disability to work
- ✓ Costs for the adaptive equipment must not exceed 3% of the household gross and must not be greater than the income earned

4. Childcare Allowance

- ✓ Only one parent/guardian of the child must be working to be eligible
- ✓ Childcare costs may not exceed the income earned by the working individual

5. Earned Income Disregard

- ✓ Applicable only to earned income of disabled individuals who were not previously working for at least one year OR received at least \$500 of welfare benefits in the past 6 months and have increased their income through wages
- ✓ Periods of 100% and 50% disregard should not exceed 12 months each
- ✓ The 48-month eligible exclusion period is correctly documented
- ✓ Only the increase in gross income that results from wage income is to be excluded (not necessarily ALL earned income)

6. Other Income Properly Excluded

Do NOT include in the gross household income calculation:

- ✓ Income of minors under the age of 18
- ✓ Income of full-time students over the age of 18 in excess of \$480
- ✓ Income provided for the care of foster children
- ✓ Income from a household member approved as a live-in aide

INCOME & RESIDENT RENT CALCULATION WORKSHEET

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

This worksheet will determine the Tenant Rent Payment based on the greater of 10% of Monthly Gross Income or 30% of Monthly Adjusted Income. For income exclusions, see pages 5 and 6.

HOPWA regulations 24CFR574.310d(1)(2)(3) state: "Resident rent payment. Except for persons in short-term supported housing, each person receiving rental assistance under this program or residing in any rental housing assisted under this program must pay as rent, including utilities, an amount which is the higher of: (1) 30 percent of the family's monthly adjusted income (adjustment factors include the age of the individual, medical expenses, size of family and child care expenses and are described in detail in 24CFR5.609); (2) 10 percent of the family's monthly gross income; or (3) If the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of the payment that is designated for housing costs." Documentation and Verification of Income: As a condition of participation in the program, each client must agree to supply such certification, release, information, or documentation as the agency determines to verify the client's income.

*The total income of the household (Annual Gross Income) is from all sources anticipated to be received in the 12-month period following the effective date of the income certification. Therefore, income must be ANNUALIZED, e.g. payment amount X number of payment periods/yr. for all income sources.

1. The full amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, other compensation for personal services prior to payroll deductions. (Applies to client and **all** household members 18 and older. For full-time students 18 and over, only \$480 of annual earned income should be included here.) \$ _____
2. Periodic payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, excluding lump sum payments for the delayed start of a periodic payment (Except as provided in (c)(14)). \$ _____
3. Payments in lieu of earnings, such as unemployment, disability, worker's compensation, and severance pay (Except as provided in (c)(3)). \$ _____
4. WELFARE ASSISTANCE, including payments made under other programs funded, separately or jointly, by federal, state, or local governments which are not excluded by Federal Statutes (see Income Exclusions). \$ _____
5. Periodic allowances including alimony and child support payments, and regular contributions or gifts received from organizations or persons not residing in the residence. \$ _____
6. Net income from operation of a business or profession. \$ _____
7. Interest, dividends, and other net income of any kind from real or personal property. Where net family assets are less than \$5000, include the actual income from asset; where net family assets are in excess of \$5,000, annual income shall include the greater of actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. \$ _____
8. All regular pay, special pay and allowances of a member of the Armed Forces (Except Hostile Fire Pay). \$ _____
9. **ANNUAL GROSS INCOME* TOTAL OF LINES 1-8**
Note: Annual income must be reassessed at least annually. However, if there is substantial change in the household's income during the year, an adjustment must be made to the resident rent to reflect the change in income. \$ _____
10. **MONTHLY GROSS INCOME** (Line # 9 divided by 12.) \$ _____

11. 10% of MONTHLY GROSS INCOME (Line #10 multiplied by .10.) \$ _____

Per HUD regulations 24CFR5.611(a) the annual adjusted income is determined by deducting the following allowances from the annual gross income (see pages 5 and 6 for more info).

12. ENTER ANNUAL GROSS INCOME FROM LINE # 9. \$ _____

13. \$480.00 FOR EACH DEPENDENT Dependents, including household members under the age of 18, elderly dependents, handicapped, disabled, or full-time students, but not the family head, spouse or foster children. - \$ _____

14. \$400 FOR ANY ELDERLY OR DISABLED FAMILY MEMBER. This allowance is provided to any family whose head, spouse, or sole member is at least 62 years of age **OR** is handicapped/disabled. This deduction **always** applies to households with persons with HIV or AIDS if they are the head, spouse, or sole member at least 62 years of age. (ONLY ONE DEDUCTION PER FAMILY/HOUSEHOLD PER YEAR.) - \$ _____

15. ANY REASONABLE CHILDCARE EXPENSES These are expenses anticipated during the year for children 12 years of age and under that enable a household member to work, seek employment, or to further education. Deductible expenses for childcare to enable a person to work shall not exceed the amount of income received from such work. Childcare cannot be paid to another member of the household. (ONLY EXPENSES NOT REIMBURSED FROM ANY OTHER SOURCES ARE ALLOWED.) - \$ _____

16. THE SUM OF THE FOLLOWING (i. ii.), TO THE EXTENT THE SUM EXCEEDS 3% OF ANNUAL GROSS INCOME: (If deductions are taken on line i. or ii. below for medical expenses, the deduction on line 14 must also be taken.) - \$ _____

i. EXPENSES FOR DISABLED FAMILY MEMBERS. Reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus. (ONLY EXPENSES NOT REIMBURSED FROM ANY OTHER SOURCES ARE ALLOWED.)
Enter total out of pocket expense here: \$ _____

ii. MEDICAL EXPENSES FOR ANY ELDERLY OR DISABLED FAMILY. (ONLY EXPENSES NOT REIMBURSED FROM ANY OTHER SOURCES ARE ALLOWED.)
Enter total out of pocket expense here: \$ _____

a. ENTER TOTAL non-reimbursed expenses from i. and ii. here: \$ _____

b. Enter Annual Gross Income X .03 here: \$ _____

c. Subtract b. from a. and enter difference here: \$ _____

NOTE: If Line a. is less than line b. and results in a negative # for line c., no deduction can be taken. ONLY out of pocket expenses greater than .03 of the Annual Gross Income may be deducted.

17. EARNED INCOME DISREGARD/SELF-SUFFICIENCY INCENTIVES FOR PERSONS

WITH DISABILITIES. In addition to deductions mandated in **24CFR5.611(a)**, HUD requires disregard for income to previously unemployed persons with disabilities who have earned income as described in **24CFR5.617(a)(b)(c)(d)**.

If applicable enter amount of Disregard from line E or F of the worksheet on page 4. - \$ _____

18. ANNUAL ADJUSTED INCOME. (Subtract line #'s 13 through 17 from the ANNUAL GROSS INCOME on line 12.) \$ _____

19. MONTHLY ADJUSTED INCOME. (Line #18 divided by 12.) \$ _____

20. 30% of MONTHLY ADJUSTED INCOME (Multiply Line #19 by .30.) \$ _____

21. **RESIDENT RENT PAYMENT**

Compare Line # 11 on Page 2 to Line #19 and enter the higher number here. \$ _____
THIS IS THE RESIDENT RENT PAYMENT.

NOTE: After the 10% and 30% calculations have been determined, the client must pay the higher of the two amounts. If either the 10% gross or 30% adjusted income amounts are greater than the Fair Market Rent (FMR- or rent standard) or the resident's actual rent, the applicant is not eligible for long-term HOPWA rental assistance.

When determining the resident's payment portion when utilities are NOT included in the rent but need to be paid out-of-pocket by the resident, follow steps 22-24.

22. RESIDENT RENT PAYMENT (Enter the amount from line #21.) \$ _____

23. UTILITY ALLOWANCE per HUD Guidelines

Copies of HUD-approved utility allowance charts may be obtained from local Public Housing Authority offices, and are updated on a periodic basis. Allowances may vary by community. - \$ _____

24. **TOTAL RESIDENT RENT/UTILITY PAYMENT.** (Subtract Line #23 from Line #22.) \$ _____

If line #24 is a negative number, this is the amount to be reimbursed to the resident or utility company, based on the resident having paid utilities out-of-pocket.

**Earned Income Disregard
Worksheet**

STEP 1: Determine Eligibility (The Earned Income Disregard does not apply for purposes of admission to these programs)

A. A disabled family must be receiving assistance through one of the following programs:

- HOPWA (Housing Opportunities for Persons with AIDS)
- HOME (Housing Opportunities Made Equal)
- SHP (Supportive Housing Program)
- Housing Choice Voucher (Section 8)

And at least ONE of the following must apply

- B. Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment; **OR**
- C. Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; **OR**
- D. Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance--provided that the total amount over a six-month period is at least \$500.

- If eligible proceed to Step 2 -

STEP 2: Calculate Amount of Earned Income Disregard

- A. Current earned income (gross annualized) of EID family member \$ _____
- B. Other current income (gross annualized) of EID family member \$ _____
- C. Total current annual income of EID family member (A+B) \$ _____
- D. Pre-Qualifying income \$ _____
Total gross annual income at last review (earned and unearned) for this member
- E. Full exclusion (C-D, but no more than A) \$ _____
First 12-month exclusion period
- F. 50% exclusion, if applicable (E x 0.050) \$ _____
Second 12-month exclusion period

The amount on Line E. or Line F. (whichever is applicable) is the amount of deduction entered on Page 2, number 16.

Full Text of 24 CFR 5.609
Income Inclusions and Exclusions

Sec.5.609 Annual income

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
 - (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
 - (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);
- (6) Welfare assistance payments. (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
 - (A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
 - (B) Are not otherwise excluded under paragraph (c) of this section.(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- (8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(c) Annual income does not include the following:

- (1) Income from employment of children (including foster children) under the age of 18 years;
 - (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
 - (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
 - (5) Income of a live-in aide, as defined in Sec. 5.403;
 - (6) The full amount of student financial assistance paid directly to the student or to the educational institution;
 - (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
 - (8)(i) Amounts received under training programs funded by HUD;
 - (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
 - (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
 - (9) Temporary, nonrecurring or sporadic income (including gifts);
 - (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
 - (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
 - (12) Adoption assistance payments in excess of \$480 per adopted child;
 - (13) [Reserved]
 - (14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
 - (15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
 - (16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
 - (17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.
- (d) Annualization of income. If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the

end of the shorter period.

Full Text of 24 CFR 5.611
Mandatory Deductions

Sec. 5.611 Adjusted income

Adjusted income means annual income (as determined by the responsible entity, defined in Sec. 5.100 and Sec. 5.603) of the members of the family residing or intending to reside in the dwelling unit, after making the following deductions:

(a) Mandatory deductions. In determining adjusted income, the responsible entity must deduct the following amounts from annual income:

(1) \$480 for each dependent;

(2) \$400 for any elderly family or disabled family;

(3) The sum of the following, to the extent the sum exceeds three percent of annual income:

(i) Unreimbursed medical expenses of any elderly family or disabled family; and

(ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and

(4) Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

(b) Additional deductions. (1) For public housing, a PHA may adopt additional deductions from annual income. The PHA must establish a written policy for such deductions.

(2) For the HUD programs listed in Sec. 5.601(d), the responsible entity shall calculate such other deductions as required and permitted by the applicable program regulations.